



VOLUME IV, NUMBER 2

MARCH/APRIL 1998

## ELECTRONIC DEBIT ACCOUNT AUTOMATIC PAYMENT DEDUCTIONS

In February 1998, the Direct Loan program introduced a quick, easy method for borrowers to make student loan payments -- the Electronic Debit Account (EDA). With the EDA, borrowers can authorize their bank to deduct payments from their checking accounts. In late summer, payments may also be deducted from savings accounts.

EDA brochures with authorization forms were mailed to all Direct Loan borrowers in repayment. Thousands of borrowers responded. In just two months the Department has processed over 30,000 EDA applications. Because this method of payment is so popular, all new borrowers entering repayment in the future will receive an EDA brochure with their first monthly billing.

Once a borrower is approved for EDA, he/she will receive a letter from the Direct Loan Servicing Center indicating the date their bank will begin deducting payments. Each deduction will be itemized on the borrower's bank statement. There are no checks to write and no payment due dates to remember. The process is automatic, with an electronic debit each month.

The Direct Loan Servicing Center will also advise borrowers of any changes affecting their participation in the EDA process. Borrowers interested in receiving more information or who have questions about setting up an Electronic Debit Account should call the Servicing Center at 800/848-0979.

## CLOSING OUT PROGRAM YEARS 1995-96 and 1996-97 (Waiver of Data Match Requirement)

Effective with Direct Loan Bulletin-98-14 (DLB-98-14), the Department of Education has decided to waive the requirement for submitting monthly data match files (#L reconciliation files) to the Loan Origination Center (LOC) for the 1995-96 and 1996-97 program years. Therefore, ***there is no longer a requirement that cash and loan records be data matched by July 31, 1998.*** The requirement that schools submit data match files has been waived because a school is considered to have successfully closed the 1995-96 and 1996-97 Direct Loan program years by demonstrating that all drawdowns for 1995-96 and 1996-97 loans are accounted for by disbursements on booked loans and returns of excess cash. A significant number of schools have already met this criterion and have an ending cash balance of zero.

Although it is no longer a requirement, schools who wish to continue submitting data match files to the LOC may continue to do so, and those files will continue to be processed by the LOC.

### Successfully Meeting the Processing Deadline

To successfully meet the July 31, 1998, processing deadline, a school must submit all 1995-96 and 1996-97 loan origination records, promissory notes, and disbursement transactions to the LOC, ***and those transactions must be accepted by the LOC, by July 31, 1998.*** The LOC will process all batches that are ***received*** by July 31, 1998, regardless of the batch date. The LOC will return acknowledgments for all batches received on July 31, 1998. However, schools ***will not*** be able to correct any rejected records after the processing deadline. *To help ensure that all loan records are accepted by the processing deadline, schools should plan to have all records submitted to the LOC several weeks prior to the deadline. This will allow the school sufficient time to resolve any rejected records and submit corrected records to the LOC.* For additional guidance for 1995-96 1996-97 close out, please review DLB-98-14 or contact the Accounting and Financial Management Service at (202) 205-6466

# **TORNADO STRIKES GUSTAVUS ADOLPHUS COLLEGE**

## ***Back Up Saves Financial Aid Records From Disaster***

Sunday, March 29, 1998 began as a balmy early-spring day in the farmlands of Minnesota. In St. Peter, a beautiful small college town of 10,000 about 65 miles southwest of Minneapolis, temperatures rose to the mid-sixties and folks were enjoying the springlike weather even as the cold of winter was still fresh in their memories.

After enjoying the better part of the day, Paul Aasen, Financial Aid Director of Gustavus Adolphus College, decided it would be a good afternoon to catch up on work at the office without the distractions of a typically bustling financial aid office. As he sometimes does when working alone, Paul turned on his radio and at about 4:45 p.m. heard severe weather had struck several small towns west of St. Peter. Indications were the storms were heading his way. Even as the tornado warnings were issued, no observable clues in the sky suggested that danger was imminent.

Paul called his wife and they agreed it would be best for him to remain at the office until the warnings passed. The radio alerts soon became more ominous -- funnel clouds were sighted, severe storms were getting closer. Only one other colleague was working that day. Paul informed her of the impending storm and at about 5:10 p.m. the emergency sirens sounded. They took cover in the basement restroom.

Shortly thereafter the radio announcers evacuated their station for safety reasons. At the same time, the skies over Gustavus Adolphus College turned black almost instantly and, with alarming suddenness, the storm unleashed its fury. Windows exploded, glass, paper, and most everything else were flying everywhere. From his vantage point, Paul could see debris flying violently past the doorway. The winds howled as the storm tore its path through the center of the college and town.

When the brunt of the storm seemed to have passed, Paul awaited the all-clear signal which never came because it, too, had become a casualty of the storm. After about 20 minutes, Paul cautiously exited. What he found was stunning. The Administration Building that houses the financial aid office was gutted. Where neat offices and well organized files once stood, there was now only broken glass, collapsed ceilings, overturned office equipment, and storm-soaked papers strewn haphazardly. Paul looked through the empty shell that had once been his office onto the campus he had come to know well over the years. It was barely recognizable. One hundred year old trees were snapped or uprooted. Roofs of buildings

had collapsed. The spires from the clock tower and from the religious center were gone. Shards of glass were everywhere, posing a continuing danger. The top story of the press box atop the football field was simply gone. So too, the scoreboard. Goal posts collapsed and were twisted by the force of the storm. Ninety percent of all windows throughout the college were shattered.



The Administration Building where the SFA office is located was gutted. Furniture and carpeting is unusable because of shards of glass.

Paul's thoughts quickly turned to his wife and home. He first drove his associate home to the horrible discovery that her house was no longer standing. Once Paul knew she and her husband were physically safe, he made his way home -- fearing the worst while praying for the best. He could only drive a short distance. Downed power lines and trees blocked most streets. He picked his way through the storm-ravaged town on foot the rest of the way. Paul was elated to find his wife safe and his home largely spared. He lost his chimney and some windows and the walls of his garage were bowed by the extreme force of the winds.

Homes, businesses, churches, and automobiles throughout town were destroyed or severely damaged. Estimates of damage to Gustavus Adolphus College approach \$70 million. The four-county area surrounding St. Peter was declared a federal disaster area.

***TORNADO (Continued)***

## Back Up Pays Off

The tornado struck during spring break so virtually none of the 2,300 students were on campus. Given the devastation, some expected it might take a while for Gustavus Adolphus to recover, much less resume operations. Through the dedicated efforts of thousands, classes were scheduled to resume at Gustavus Adolphus on April 20, a mere 22 days after the storm. Only eight class days will be lost.

One of the stories to emerge from this catastrophe is the high degree of preparedness of the financial aid office. The practice of following rigorous physical security measures and data backup procedures has proven to be invaluable. The EDEExpress database is backed up on a network drive **nightly** and backup tapes are **always** taken to secure storage in a separate building on campus every business day. As a result, Gustavus Adolphus lost only a half dozen or so student files that Paul was working with at the time he evacuated his office. He also did not lose a single transaction from his EDEExpress database. If the interior of the financial aid office had not been nearly destroyed, the security measures implemented by Paul would have permitted him to resume processing student aid the morning following the tornado.

Paul has a greater appreciation of his associates, neighbors, relief workers at all levels, and the volunteers who have given so much to help restore this wonderful town and college. The events of March 29 have also reinforced the importance of physical security and backing up computer data.

*-- Mike Clark, Region VIII, Denver*



Paul Aasen, Financial Aid Director, near completion of cleanup.

## SCHOOLS PRAISE DIRECT LOAN ANNIVERSARY CONFERENCE

*"All the questions I brought to the conference with me were answered, and I will be returning to my college armed with some new ideas on how to run the loan shop. Thank you very much for an outstanding conference."* Jeff Boyle, Associate Director of Financial Aid, Greenville Technical College, Greenville, South Carolina

Those were the remarks made by one attendee at the Direct Loan Anniversary Conference. His positive sentiments were echoed by many and reflected in the vast majority of comments submitted on the conference evaluation forms. The Direct Loan Conference, held in Washington, D. C. from March 7 to 9, was well received and well attended. Approximately 750 representatives from schools around the country came together for the three-day event to participate in discussions with other Direct Loan schools and with Department of Education officials. The overwhelming success was due in great part to the fact that more than 30 financial aid administrators planned and participated as session moderators or presenters, sharing their "best practices" with their colleagues.

U.S. Secretary of Education Richard W. Riley and other national leaders were on hand to share their insights with conference participants. Speakers included Dr. David Longanecker, Assistant Secretary for Postsecondary Education; Maureen McLaughlin, Deputy Assistant Secretary for Policy, Planning and Innovation; Robert Shireman, White House Senior Policy Advisor; Joseph Flader, Chief of Staff to Rep. Tom Petri; and Mark Zuckerman, Minority Counsel to the House Committee on Education and the Workforce. Dallas Martin, President of the National Association of Student Financial Aid Administrators addressed the conference and served as a panelist at the closing session.

The conference featured 25 sessions including special training sessions for schools that process loans using ED Express, mainframe, or a combination of mainframe and software. A workshop for new and prospective schools was offered as well as a session on experimental sites. Sessions also were offered to familiarize schools with the Loan Origination Center in Montgomery and the Loan Servicing Center in Utica. Many sessions were offered more than once to meet demand, including much-requested sessions on cash management and closing out for years 1995-96 and 1996-97.

The conference was cosponsored and supported, in part, by an Innovations in American Government Award from the Ford Foundation and the Kennedy School of Government at Harvard University. A follow up "Best Practices" report will be prepared and distributed to all interested schools.

*-- Patricia Davis, Direct Loan Task Force*



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## ANNOUNCEMENTS

### DIRECT LOAN TRAINING

*(Contact your training specialist for training schedules in your region or refer to Direct Loan Bulletin 98-7.)*

**Training for New Direct Loan Schools.** This two-day course combines both programmatic and regulatory information with hands-on training on the EDEExpress software. Training will be offered at regional training facilities in May and June.

**Direct Loan Update Training for Current DL Schools.** This is a one-day refresher session for Academic Years 1994-95, 1995-96, 1996-97, and 1997-98 schools that are interested in learning new programmatic requirements and the 1998-99 version of EDEExpress Direct Loan software. This session will include reconciliation/loan detail matching, exercises with data files, and problem solving.

**EDEExpress Application Processing.** This one-day session will include an overview of Electronic Data Exchange on how data is exchanged, transmitted and received and the use and navigation of EDEExpress to create, send and receive data. It will also include information about the use of the TIVWAN network to transmit data. This session is for schools that have little or no experience with EDE and/or EDEExpress. EDE Training will be held in the regional training facilities during May and June. Contact your training specialist or refer to Direct Loan Bulletin 98-7 for specific dates.

**ED/OPE 98-4**

### ORDER NEW PAMPHLET NOW

#### Quick Guide to Direct Loan Customer Service

This brochure, designed for the Direct Loan Anniversary Conference, is a quick resource to phone numbers and e-mail addresses for frequently used numbers, such as the Loan Origination Center, Direct Loan Servicing Center, and regional leads of the client account managers (CAMs). It also offers a brief description of customer services available through other SFA 800 numbers. Customer service numbers for information on FAFSA on the Web, NSLDS, and Title IV Wan are among those listed. To order copies of the brochure, contact:

U. S. Department of Education  
Loan Origination Center  
P. O. Box 5692  
Montgomery, AL 36103-5692  
Phone: (800) 848-0978  
Fax: (800) 557-7396

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<http://www.ed.gov/DirectLoan/>